



North Carolina Department of Public Safety

Emergency Management – Coal Ash Management Commission

Pat McCrory, Governor
Frank L. Perry, Secretary

Michael T. Jacobs, Chairman
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Statement of Michael Jacobs, Chair, Coal Ash Management Commission

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North Carolina recently enacted the first comprehensive legislation in the nation to clean up coal ash. Our state's leadership has taken decisive action to protect the water supply in areas where the 32 coal ash impoundments are located throughout the state.

This Commission was established to:

1. Review and approve the classification of coal ash impoundments
2. Review and approve the closure plans for coal ash sites
3. And to review and make recommendations on statutes and rules related to the management of coal ash

My goal for this Commission is to establish the most effective *and* most efficient management of coal ash in America. When other states look across the country for best practices, we hope they will look to North Carolina.

This commission will focus on science, safety and economics, not politics. We report to the citizens of North Carolina, not a government entity. Our first six meetings will be held throughout the state at public university sites accessible to communities impacted by coal ash storage facilities and to the media. The commission will be staffed with professionals tasked with securing favorable outcomes for the residents of North Carolina.

We will strive to find the most cost effective way to implement scientifically-grounded solutions. The Commission will operate under three guiding principles. First, *accountability*. Utilities need to be held accountable for eliminating potential damage to our state's water resources and economy from the storage of coal ash.

Second, *transparency*. Proceedings that are fact-based do not need to be shielded from the public. The public needs to know that politics are not driving outcomes.

Third, and most importantly, *stewardship*. We have been blessed with one of the nation's most beautiful states, one which also is among the most affordable for its residents and employers. We need to be conscientious stewards of the water resources in our state, and do so in a way that protects citizens and businesses economically.

Regardless of how the Utilities Commission allocates the cost of the clean-up, North Carolina citizens will be impacted. To the extent that cleanup costs are passed on to the residents and businesses of North Carolina through higher power rates, everyone who uses power will share the expense. The citizens

who will suffer most from higher electricity bills are the poor. The most important metric to low-income households is not their gross income, but how much money is left over after paying for life's necessities such as water and power.

Moreover, to the extent that cleanup costs are built into the rate base, every business in the state, especially those involved in manufacturing, will see a decrease in cash flow, which will impair their ability to create new jobs.

The other option of allocating cleanup costs to Duke's shareholders also hits the pocketbooks of citizens across the state. Who are Duke's shareholders? One of the largest shareholders in Duke Energy is the North Carolina Retirement System, which owns over a half million Duke shares. There are over 900,000 working and retired teachers and state employees in North Carolina, all of whom are beneficial owners of Duke stock. Other Duke shareholders include our state university endowment funds, charitable organizations, churches, and young couples saving for their children's education. So regardless of how the clean-up is paid for, it will impact the citizens of North Carolina.

In exploring alternative approaches, this commission will consider potential new technologies as well as innovative applications of existing technologies. Solutions to problems are not static. It is impossible to know today what alternatives will present themselves in the years to come, so we need to adapt if superior solutions arise in the future.

There are other tradeoffs that need to be considered carefully besides cost. Do we want coal ash cleaned up quickly, or do we want it cleaned up safely? One approach being promoted would require 5 million dump-trucks full of coal ash traversing the rural roads and neighborhoods of North Carolina, which would create profound safety issues.

It took 80 years to produce the current coal ash problem. It will be impossible to solve it overnight. There are tradeoffs that will need to be made between speed, effectiveness, safety and cost. All these factors are important, but unfortunately, to some extent, mutually exclusive. The Coal Ash Commission will weigh these tradeoffs and support actions that we believe are in the best interest of the citizens of North Carolina.

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